

House File 175 - Introduced

HOUSE FILE _____
BY SCHUELLER

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the sales tax by providing an exemption for
2 certain casual sales by nonprofit organizations.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1026HH 83
5 tw/mg:sc/14

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1 1 Section 1. Section 423.3, subsection 39, Code 2009, is
1 2 amended to read as follows:
1 3 39. a. The sales price from "casual sales".
1 4 b. "Casual sales" means:
1 5 a. (1) Sales of tangible personal property, or the
1 6 furnishing of services, of a nonrecurring nature, by the
1 7 owner, if the seller, at the time of the sale, is not engaged
1 8 for profit in the business of selling tangible personal
1 9 property or services taxed under section 423.2.
1 10 b. (2) The sale of all or substantially all of the
1 11 tangible personal property or services held or used by a
1 12 seller in the course of the seller's trade or business for
1 13 which the seller is required to hold a sales tax permit when
1 14 the seller sells or otherwise transfers the trade or business
1 15 to another person who shall engage in a similar trade or
1 16 business.
1 17 c. (3) Notwithstanding ~~paragraph "a"~~ subparagraph (1),
1 18 the sale, furnishing, or performance of a service that is of a
1 19 recurring nature by the owner if, at the time of the sale, all
1 20 of the following apply:
1 21 ~~(1)~~ (a) The seller is not engaged for profit in the
1 22 business of the selling, furnishing, or performance of
1 23 services taxed under section 423.2. For purposes of this
1 24 subparagraph subdivision (a), the fact of the recurring nature
1 25 of selling, furnishing, or performance of services does not
1 26 constitute by itself engaging for profit in the business of
1 27 selling, furnishing, or performance of services.
1 28 ~~(2)~~ (b) The owner of the business is the only person
1 29 performing the service.
1 30 ~~(3)~~ (c) The owner of the business is a full-time student.
1 31 ~~(4)~~ (d) The total gross receipts from the sales,
1 32 furnishing, or performance of services during the calendar
1 33 year does not exceed five thousand dollars.
1 34 (4) Notwithstanding subparagraph (1), sales of tangible
1 35 personal property or the sale, furnishing, or performance of a
2 1 service that is of a recurring nature by the owner if, at the
2 2 time of the sale, all of the following conditions are met:
2 3 (a) The seller is a nonprofit organization exempt from
2 4 federal income taxation pursuant to section 501(c)(3) of the
2 5 Internal Revenue Code.
2 6 (b) The sales of tangible personal property or the sale,
2 7 furnishing, or performance of a service takes place at a
2 8 fundraising event conducted by the seller.
2 9 (c) The seller's total gross receipts from the sales of
2 10 tangible personal property or the sale, furnishing, or
2 11 performance of services of a recurring nature during the
2 12 calendar year do not exceed five thousand dollars.
2 13 c. The exemption under this subsection does not apply to
2 14 vehicles subject to registration, aircraft, or commercial or
2 15 pleasure watercraft or water vessels.
2 16 EXPLANATION
2 17 This bill relates to the sales tax by providing an
2 18 exemption for certain casual sales by nonprofit organizations.
2 19 The bill provides that the sale of tangible personal
2 20 property or services, despite being of a recurring nature,

2 21 qualifies for an exemption as a casual sale under the
2 22 following conditions: (1) the seller is a nonprofit
2 23 organization exempt from federal income taxation; (2) the sale
2 24 takes place at a fundraising event; (3) the seller's total
2 25 gross receipts from such sales during the calendar year do not
2 26 exceed \$5,000.
2 27 LSB 1026HH 83
2 28 tw/mg:sc/14